

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

UNITED STATES OF AMERICA,)	
)	Case No.
Plaintiff,)	
)	
v.)	
)	
FREDERICK CORTEZ LEE, JR.,)	
)	
Defendant.)	
_____)	

COMPLAINT

Plaintiff, the United States of America, by and through undersigned counsel,
alleges as follows:

1. The United States brings this action to obtain a monetary judgment
against Defendant Frederick Cortez Lee, Jr., for his unpaid federal income tax
liabilities for the 2006 and 2007 tax years.

2. This action is brought at the direction of the Attorney General of the
United States and at the request and authorization of the Chief Counsel of the
Internal Revenue Service, a delegate of the Secretary of the Treasury, under 26
U.S.C. § 7401.

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§
1340, 1345 and 26 U.S.C. § 7402(a).

4. Venue is appropriate in this Court pursuant to 28 U.S.C. §§ 1391 and 1396 because Lee resides in Gwinnett County, Georgia, within the jurisdiction of this Court.

5. Lee voluntarily filed his federal income tax returns for the 2006 and 2007 tax years as married filing separate.

6. Lee filed his 2006 federal income tax return after its due date. He filed his 2007 federal income tax return timely on extension.

7. Despite voluntarily filing his federal income tax returns for the 2006 and 2007 tax years, Lee failed to pay in full the federal income tax he reported on those returns.

8. Consequently, a delegate of the Secretary of the Treasury assessed against Lee federal income tax, penalties, and interest on the dates and in the amounts set forth in the following table:

Tax Year	Assessment Date	Tax	Interest	Penalties
2006	3/19/2012	\$2,215,866.00	\$602,962.76	\$45,793.00 (estimated tax penalty)
2007	12/01/2008	\$2,156,684.00	\$64,462.26	\$85,739.45 (estimated tax penalty) \$75,060.54 (late payment penalty)

9. A delegate of the Secretary of the Treasury gave notice of the unpaid assessments described in paragraph 8 to Lee and made demands for payment as

required by law. Despite notice and demand, Lee has failed and refused to pay in full the tax liabilities described in paragraph 8.

10. On May 21, 2018, Lee petitioned for protection under Chapter 7 of the Bankruptcy Code (11 U.S.C.). That case is styled as *In re Frederick Cortez Lee, Jr.*, Bk. No. 18-58424-BEM (Bankr. N.D. Ga.).

11. Lee received his discharge on January 31, 2019.

12. After receiving his discharge, Lee commenced an adversary proceeding to determine whether his federal income tax liabilities for the 2002 through 2007 tax years were discharged through his bankruptcy. The adversary proceeding is styled as *Frederick Cortez Lee, Jr. v. United States*, Adv. No. 19-4024-BEM (Bankr. N.D. Ga.).

13. Lee and the United States resolved the adversary proceeding through a settlement.

14. Under the settlement agreement, the parties agreed that Lee's federal income tax liabilities for the 2002 through 2005 tax years were discharged and that his federal income tax liabilities for the 2006 and 2007 tax years were excepted from discharge under 11 U.S.C. § 523(a)(1)(C).

15. Although Lee's 2006 and 2007 federal income tax liabilities are excepted from discharge, the penalties assessed against Lee for the 2006 and 2007

tax years, plus the interest on penalties, were discharged through his bankruptcy. *See* 11 U.S.C. § 523(a)(7).

16. The Bankruptcy Court entered a consent judgment in the adversary proceeding reflecting the parties' settlement agreement on July 28, 2020. *See Lee v. United States*, Adv. No. 19-4024-BEM (Bankr. N.D. Ga.), ECF No. 30.

17. Because Lee's 2006 and 2007 federal income tax liabilities were excepted from discharge, he remains personally liable for his unpaid federal income tax liabilities for 2006 and 2007.

18. Taking into account all payments, credits, and abatements—including the discharge of the penalties assessed against him for the 2006 and 2007 tax years, plus the interest on penalties, through his bankruptcy proceeding—Lee owes \$7,058,900.57, as of July 12, 2020, for his unpaid federal income tax liabilities for the 2006 and 2007 tax years, plus fees, interest, and all statutory additions thereafter provided by law.

19. The limitations period to collect Lee's tax liability for the 2007 tax year was extended by Lee's two bankruptcy proceedings. Lee's first bankruptcy was pending from February 1, 2011 to May 17, 2011. *See In re Lee*, Bk. No. 11-53285 (Bankr. N.D. Ga.). Under 26 U.S.C. § 6503(h), the statute of limitations on collection of Lee's 2007 federal income tax liability was suspended for the duration of this bankruptcy, plus six months.

20. Lee's second bankruptcy was pending from May 21, 2018 to January 31, 2019. *See In re Frederick Cortez Lee, Jr.*, Bk. No. 18-58424-BEM (Bankr. N.D. Ga.). Under 26 U.S.C. § 6503(h), the statute of limitations on collection of Lee's 2007 federal income tax liability was suspended for the duration of this bankruptcy, plus six months.

21. As a result of Lee's two bankruptcy proceedings, the limitations period to collect his 2007 federal income tax liability has not expired, and this action to collect his liability is timely.

WHEREFORE, the Plaintiff, United States of America, prays for the following relief:

A. That the Court enter judgment in favor of the United States of America and against Frederick Cortez. Lee, Jr. for his unpaid federal income tax liabilities for the 2006 and 2007 tax years in the amount of \$7,058,900.57, as of July 12, 2020, plus fees, interest, and statutory additions thereafter as provided by law; and

B. That the United States have such other and further relief as the Court may deem just and proper.

Dated: August 21, 2020.

Respectfully submitted,

RICHARD E. ZUCKERMAN
Principal Deputy Assistant Attorney General

/s/ Thomas K. Vanaskie

THOMAS K. VANASKIE
Trial Attorney, Tax Division
U.S. Department of Justice
P.O. Box 14198
Washington, D.C. 20044
202-305-7921 (v)
202-514-4963 (f)
Thomas.K.Vanaskie@usdoj.gov

Of Counsel:

BYUNG J. PAK
United States Attorney

CERTIFICATE OF COMPLIANCE

I certify that this document is formatted in Times New Roman 14 pt., in compliance with Local Rule 5.1C.

/s/ Thomas K. Vanaskie

THOMAS K. VANASKIE
Trial Attorney, Division
U.S. Department of Justice